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IP FRONTIERS

Small business gets opportunity in the patent system

A little over a year has gone by since the new patent reform legislation known as the America Invents Act was passed. Although the most dramatic changes to the U.S. patent system do not take place for yet another 6 months (first to file system and changes to the definition of “prior art”), several final rules became effective on the one-year anniversary of the statute’s enactment. One of the most noteworthy is a new procedure that provides third parties with an important opportunity to challenge a competitor’s pending patent applications.

As of Sept. 16, companies now have the ability to anonymously submit prior art references to the USPTO in connection with any pending patent application. This third-party option, codified under 35 U.S.C. §122(e) and called a “pre-grant submission,” replaces the Peer-to-Patent and Peer Review pilot programs. According to the USPTO’s Sept. 20 press release encouraging third parties to participate in this process, “[s]ubmission of proposed prior art helps examiners determine whether the innovation in the application is patentable” and “allows the USPTO to tap directly into the U.S. innovation community.”

The USPTO has implemented detailed procedures to handle third party submissions (see *Changes To Implement the Preissuance Submissions by Third Parties Provision of the Leahy-Smith America Invents Act*, 77 F.R. 42150 [2012]). Under the new rules, the pre-grant submission procedure is available in connection with any pending application filed before, on, or after Sept. 16. To take advantage of this new opportunity, a submission must 1) be a published or “printed” publication; 2) be submitted during a specified time period; and 3) include a concise explanation of the relevance of the documents submitted.

While it is true that a similar procedure was available to third parties prior to the AIA, it was not frequently used for several reasons. First, a third party was not allowed to comment on a reference or point out why it was material to patentability. Second, a third party could not remain anonymous, thus requiring a company to weigh the potential benefit of a prior art submission (especially since no comments were allowed) with the more obvious risk of upsetting a patent applicant. And, third, a submission could only be filed during the narrow, two-month window after publication of

a patent application — a time frame often missed.

The AIA attempts to remedy these deficiencies. Thus, under the new system, a third party may remain anonymous by having a registered attorney or agent submit prior art references on its behalf. There is no requirement that the third party be identified and no requirement that the patent applicant be served. Also, the time period in which to file a pre-grant submission has been significantly expanded. Specifically, any person may file submissions before the USPTO issues a Notice of Allowance, so long as it is before the first rejection of any claim (prior to the issuance of a first Office Action on the merits) or within 6 months after the application publishes, whichever is later.

Finally, the new procedures require a concise, factual explanation regarding the relevance of the submitted prior art. The expectation is that this requirement will decrease the time required for a patent examiner to consider a reference and, in turn, improve the quality of review by the examiner. This ability to file a concise, well-drafted explanation pointing out the relevance of a particular reference is critical to the success of a third party’s submission and the program in general.

Likewise, as an incentive for third parties to submit only the most relevant prior art, a submission with three (3) publications or less does not have to pay a filing fee (the “three for free” rule). A submission with anything over three (3) publications requires a \$180 filing fee for every 10 documents submitted.

To further encourage third parties to take advantage of this process, the USPTO developed a dedicated web-based interface for electronic filing of third party submissions. The private sector simultaneously launched its own initiatives. For example, Ask Patents, a new social networking website, was designed in collaboration with the USPTO to provide a forum for third parties, including USPTO patent examiners, to find examples of prior art for a specific claim of a patent or patent application (<http://patents.stackexchange.com>). Crowdsourcing tools like this allow both the USPTO and interested parties to tap into the collective intelligence of subject matter specialists with the goal of identifying and evaluating the most relevant prior art.

Once filed, and if compliant with USPTO requirements, a sub-

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Continued ...

mission will be entered in the patent file and the patent examiner is then required to consider the third-party submission in preparation for the next office action. By giving smaller businesses the ability to take action and participate in the USPTO process, this new procedure can provide important opportunities that otherwise would be cost prohibitive. Given the right circumstances and prior art, companies now have the chance to prevent their competition from obtaining a patent or, more realistically, to limit the scope (or reach) of a competitor's patent.

The importance of the latter should not be overlooked. For example, if a competitor's patent application contains extremely broad claims, the identification and consideration of relevant prior art during the examination process could prevent issuance of claims that are overly broad and would impact sales of a third party's product or service. In other words, even if a competitor eventually obtains a patent, the enforceable claims within the patent may not have the impact they would have had if a pre-grant submission had never been filed. This can be a significant and economically feasible tool, especially for companies that are able to closely monitor patent applications filed by their competitors.

Practical tips for pre-issuance submissions:

1. Companies should put procedures in place to actively monitor patent filings by the competition, as well as filings in their technical area. This could be an internal procedure for monitoring (i.e. perform searches on the USPTO website by a specific technology class/sub-class or assignee) and/or a third party monitoring service.

2. Remember quality, not quantity. In other words, do not dump multiple, cumulative references on the patent examiner. The process was intended for submission of 1-3 references and submissions with a large number of documents is likely to defeat the purpose of providing valuable and concise insight. Even worse, too many references may simply be ignored. Evaluate and file the best, non-cumulative prior art.

3. There are four types of printed publications you may submit: (1) an existing U.S. patent; (2) an existing U.S. published patent application; (3) a foreign patent or published foreign patent application; or (4) non-patent literature. With respect to non-patent literature, consider submission of emails, journal articles, websites or other tangible information that have been published or otherwise disseminated to the public.

4. Don't overlook the ability to submit prior art references that have already been considered by an examiner, along with a concise explanation of how the art should be applied.

5. Invest the time and/or expense in preparing a well-written explanation pointing out the relevance of each submission. This is the one and only opportunity to educate the patent examiner on the prior art and to limit the scope of the claims. And, according to the USPTO website, "to comply with the concise statement of rele-

vance for a pre-issuance submission, a third party should explain how the submitted document bears upon the patentability of the claimed invention, pointing out the specific pages, paragraphs, columns, lines, figures, etc., where the relevant information is located." Thus, in most instances, you should submit a detailed chart comparing elements of the claimed invention to those found in the prior art submissions. An investment at this stage in the patent process is a much less expensive option when compared to post-grant proceedings and/or litigation.

6. Institute a procedure for finding prior art publications. There are several options: internal procedures, a commercial searching service and/or law firm, and/or social networking sites.

7. Consider collaborating with others. According to the USPTO's website, "[n]othing in the final rules prevents multiple third parties from collaborating to identify the relevant printed publications and then each making a "three for free" submission."

8. Finally, consult with a professional patent attorney or agent to determine the pros and cons of filing a third party submission in connection with a particular patent application and/or competitor. There will be times when the risks associated with filing a pre-issuance submission outweigh any potential benefit and this may not be the best vehicle for your company to pursue. For example, if a reference is submitted and considered by an examiner but a broad patent still issues, the resultant patent would be stronger against the reference submitted and/or similar prior art.

If, on the other hand, a submission is likely to substantially narrow a patent's scope or avoid an infringement claim, the benefits of a pre-issuance submission may certainly outweigh any risk. You should also consult with internal staff to determine the potential impact of the pending application on your business and technology.

Given the right circumstances, meaningful pre-issuance submissions can provide an inexpensive tool for limiting the competition's patent claims, particularly for smaller companies that do not have the financial wherewithal to take advantage of the much more costly Post Grant Review and In Parties Review procedures. Although the competition may still receive a patent, this process allows a company to participate in the examination of a competitor's application before a patent issues and provides an opportunity to limit and define patent scope.

If small companies and individuals become adept at monitoring the publication of patent applications and at using this new procedure, there is a huge potential to improve the quality of patent examination. Whether this new mechanism will "help ensure that truly novel, useful, and non-obvious innovations obtain the intellectual property protection they deserve," as the USPTO claims it will, remains to be seen.

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